

November 14, 2005

WESTERN UNION AGREES TO CONSUMER AWARENESS CAMPAIGN

BISMARCK – Attorney General Wayne Stenehjem announced today that Western Union Financial Services, Inc. has entered into an Agreement with North Dakota, 46 other States, and the District of Columbia, in response to concerns that the company's wire transfer services are being used by fraudulent telemarketers to defraud consumers.

"The importance of enlisting 'third parties' like Western Union in the fight against consumer fraud is absolutely critical to winning this fight," Stenehjem said. "Once a consumer has initiated a wire transfer of money, it is too late to stop the fraud."

A survey conducted by seven states in 2002 estimated that 58 per cent of the money sent by Western Union wire transfer from the U.S. to Canada was fraud-induced, representing a consumer loss of about \$113 million.

For example, some telemarketers use a "lottery" scam in which they tell vulnerable consumers they have won a large sum of money but must pay taxes or other charges in order to claim the winnings. The victims are then directed to send the money by wire, because wire transfers are fast, there are transfer agents in most communities, and funds can be picked up in multiple locations.

As a result of the agreement, Western Union will fund an \$8.1 million national consumer awareness program and set out very prominent consumer warnings on the forms used by consumers to wire money. The company will also change its business practices.

"We are very pleased Western Union stepped up to the plate in this way and agreed to implement programs and changes to protect our citizens and their customers," said Stenehjem. "The consumer warning is very clear and should be highly effective in reducing potential consumer fraud victims."

Western Union also agreed to:

- Reimburse the amount of any transfer plus fees to any consumer who requests, prior to pickup, that a transfer be stopped and who reasonably claims that the transfer was fraud-induced.
- Block wire transfers from specific consumers or to specific recipients when Western Union receives information from a state that there is reason to believe that fraud will occur, until such time as the consumer is counseled on fraud and requests resumption of the transfer.
- Send monthly anti-fraud emails to its agents, revise the company's agent training video and manual, and provide enhanced training to agents with elevated fraud levels at their locations.
- Terminate agents who are involved in fraud, and suspend or terminate agents who do not take reasonable steps requested by WU to reduce fraud.

The matter in North Dakota was handled by Parrell Grossman, Director of the Attorney General's Consumer Protection Division.

Consumers with questions about consumer fraud and/or wire transfers should contact the Consumer Protection Division toll-free at 1-800-472-2600.